April 2002

STATE AND SCHOOL EMPLOYEES' Life AND Health PLAN

Know Your Benefits

KNOW YOUR BENEFITS UPDATE...

Recently, you received your 2002 ***Summary Plan Description*** *(or "SPD") in your home mailbox. The SPD is your primary information resource for life and health Plan benefits. When you have questions about your benefits, use your SPD to find the answers you need.*

You have also received ***Know Your Benefits*** *newsletters – like this one – highlighting important Plan features and updates on changes and additions to your Plan benefits. This newsletter is the third in a series of communications designed to provide you with important information about your life and health benefits. As a participant in the State and School Employees' Life and Health Insurance Plan, you are eligible to receive benefits that can help you manage the cost of your family's health care needs.*

Please take the time to carefully read the benefit summaries in this newsletter. It is very important for you to understand your life and health Plan so that you can make the most of your benefits. The goal of this ***Know Your Benefits*** *newsletter is to translate technical Plan information into easy-to-understand, easy-to-apply news you can use! Learn how these Plan benefits work for you.*

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This newsletter represents a Summary Material Modification and must be kept with your 2002 *Summary Plan Description* (SPD) and other Plan materials.

What is the Patient Audit Program?

The purpose of the Patient Audit Program is to encourage you, as a Plan participant, to monitor and manage your own health care costs. The Patient Audit Program provides you with a financial incentive to stay aware of your own medical bills – or perform your own "audit". Here is how it works. On occasion, providers may make an error when billing the Plan for medical services, which results in an overpayment. If you find a billing mistake that resulted in an overpayment by the Plan, you may be eligible to receive an incentive payment equal to 50% of any amount that you saved the Plan up to $1,000. The maximum payment per employee in each calendar year is $1,000.

To perform your own patient audit, you should review all your medical bills in detail to make sure they are correct. Should you find that your provider has filed an incorrect claim for a covered medical expense and the claim has been paid by the Plan, contact your provider. Once the provider has verified that the bill was incorrect, ask your provider to file a corrected claim so that the benefit amount can be adjusted by the Plan.

Once you have received a corrected Explanation of Benefits for this claim, you can send information to the Department of Finance and Administration,

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Office of Insurance, and request your incentive. You will need to send in the following information:

1. A written request for a Patient Audit incentive;
2. A copy of the itemized charges from the incorrect medical bill;
3. A copy of the incorrect Explanation of Benefits from Blue Cross Blue Shield; and,
4. A copy of the corrected Explanation of Benefits from Blue Cross Blue Shield.

Please note that payment errors made by Blue Cross Blue Shield are not eligible for a Patient Audit incentive. The Patient Audit Program does not apply to the prescription drug program.

The Patient Audit Program not only benefits you – it benefits the Plan by reducing the amount of money paid by the Plan for errors in medical billings. With the rise in medical costs, overcharges become increasingly expensive to the Plan and to you, as a Plan participant. Unfortunately, these overcharges could force the Plan to increase premiums and/or deductibles in the future. The Patient Audit Program helps to avoid such increases as a result of overcharges and billing mistakes by making you more aware of your responsibility for monitoring and managing your own health care needs and associated costs.

What Happens if the Plan Overpays Benefits?

If the Plan overpays benefits to you by mistake, the Plan reserves the right to have the overpayment refunded. In other words, if the Plan incorrectly pays you too much, you will be asked to provide the Plan with a full refund of the overpayment. Under the rules of the Plan, you will have to comply with any request by the Plan to refund the overpayment or future claims payments will be withheld until the amount you owe the Plan has been recovered.

Web Site – knowyourbenefits.dfa.state.ms.us

You can now find answers to your Plan benefit questions online! There's loads of useful Plan information, health care tips, and lifestyle tools available to you through the *Know Your Benefits* web site. A copy of the 2002 SPD is also available on the web site. Be sure to check out the Plan's new online health information resource at knowyourbenefits.dfa.state.ms.us soon!

What does "Right to Recovery" mean?

The section below is designed to answer some common questions about the Plan's "right to recovery".

Q: ***What is the right to recovery?***

A: Briefly defined, the "right to recovery" refers to the Plan's right to receive reimbursement or repayment for any expenses you incur, which are covered by the Plan and for which you are reimbursed by another source, due to an illness or injury caused by someone else.

As a participant in the Plan, you have agreed to give the Plan the right to recover any damages for benefits when you suffer an injury or illness occurring through the act or omission of another person. As part of this agreement, you are also required to provide all required documents and execute all actions required by the Plan, including a Subrogation (or "Right to Recovery") Reimbursement Agreement. If the injured Plan participant is a minor, a Chancery Court approval of a Subrogation Reimbursement Agreement must be obtained prior to payment of any benefits.

Q: ***What if I become ill or am injured by an incident caused by another person while I am covered under the Plan?***

A: If you sustain an illness or injury caused by another (such as a car accident, for example), the Plan is entitled to recover from the funds you, as a Plan participant (or your legal representative), receive from any third party or your own uninsured/underinsured motorist insurance. In addition, the Plan may require you (or your legal representative) to file additional claims with the above-mentioned coverage for benefits you may be entitled to receive.

Q: ***What is Third-Party Liability?***

A: Third-Party Liability means that if any hospital, medical, and related service or benefit is provided, or you receive any payment or credit for an illness or injury resulting from the act or omission of another party, the Plan has the right to seek recovery of funds against any person, organization, or other carrier. In this case, you will defer all applicable sums covered by the suit or settlement to the Plan. In addition, you will be required to provide any information or execute any assignments to facilitate this process.

Q: ***What if my illness or injury is work-related?***

A: The Plan may provide benefits for work-related injuries or illnesses if:

- Liability is being disputed by the employer in a proceeding before the Mississippi Workers' Compensation Commission and your related claims are unpaid; ***OR***
- Your related claims payments were made before notifying the Plan of their work-related nature.

When the Plan provides benefits, the Plan is entitled to reimbursement when the employer acknowledges or the Workers' Compensation Commission determines that the injury or illness is work-related or a settlement is concluded before the Workers' Compensation Commission. The Plan will be entitled to reimbursement even if a settlement does not specifically include payments for health care, and reimbursement can be sought from you as the Plan participant or directly from the employer or the employer's workers' compensation liability carrier.

As a Plan participant, you agree to provide the Plan with prior notice of and opportunity to participate in any settlement hearings. You also agree to provide all required documents and execute all required actions related to work-related subrogation.

If you (or your eligible dependent) experience an injury, illness or condition for which a claim has been or will be pursued under any applicable workers' compensation laws, you must immediately notify Blue Cross Blue Shield.

If you have any questions regarding the Plan rules on the right to recovery, please contact:

Blue Cross Blue Shield of Mississippi
P.O. Box 23071
Jackson, MS 39225-3071
1-800-709-7881

Are You Ready to Retire?

Are you thinking about retirement – and what this life event might mean to you? What are you going to do when you retire? Are you going to play golf, travel, work in your garden, or just take it easy? There are a lot of things to think about **before** you retire. One important thing to think about is insurance. Here are some questions you might have:

Q: ***Should I keep the State Plan or get an individual health insurance policy?***

A: If you are trying to decide whether to keep the State Plan or apply for an individual policy, be sure that you compare benefits vs. costs for each. For example: Very few Medicare supplement policies (commonly called Medigap policies) have prescription drug coverage (and that coverage is limited). The State Plan provides you with the co-payment prescription drug plan and mail order service.

Q: ***Are the health insurance benefits for retirees the same as for active employees?***

A: If you are under age 65 (and not eligible for Medicare) when you retire, your benefits will remain the same as those available to active employees. If you are over 65 or on Medicare due to disability when you retire, Medicare will become your primary coverage and the State Plan will be your secondary coverage.

Q: ***When do I need to apply in order to continue coverage under the Plan?***

A: You should apply for retiree coverage at least 31 days prior to your retirement date to avoid a temporary lapse in coverage. If you do not apply for retiree coverage within 31 days after your retirement date, you will not be eligible to continue coverage under the Plan as a retiree.

Q: ***How do I apply to continue my coverage under the Plan?***

A: You must complete a health insurance Application for Coverage form and a life insurance enrollment form (you can only continue health and/or life insurance coverage if you had the coverage as an active employee). You should return the completed forms, along with the first month's premium and a copy of your Estimate of Benefits from the Public Employees' Retirement System to your personnel office.

NOTE: If all required information is not submitted, you will delay your application process and may experience a temporary lapse in coverage.

Q: ***What will my premiums be?***

A: You can contact your personnel office to receive a copy of the current premium rates for retiree health and life insurance coverage.

Q: ***How long can I keep health and life insurance coverage under the Plan after retirement?***

A: If you meet the qualifications of a retiree under the Plan and apply for coverage within the required timeframe, you can continue that coverage until your death as long as you pay the required premiums.

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STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF INSURANCE
P.O. BOX 24208
JACKSON, MS 39225-4208

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Q: ***Can I add my spouse to my health insurance coverage after I retire?***

A: No, if your spouse is not a covered dependent at the time of your retirement, he/she is not eligible to be added after you retire. However, if you are a retiree under age 65 and get married, you may add your new spouse as long as you complete an Application for Coverage and send it to Blue Cross Blue Shield within 31 days of the date of marriage. See page 20 in the 2002 SPD for more information on adding a new dependent.

Q: ***If my spouse is covered as a dependent on my retiree health coverage, what will happen to his/her coverage if I die?***

A: If you die while retired or eligible to retire and your spouse is covered as a dependent, your spouse can continue coverage as a "surviving spouse." To qualify, your spouse **must** apply for coverage within 31 days of your date of death. Surviving spouse coverage can be continued for life as long as the required premiums are paid.

To learn more about continuing coverage as a retiree, see page 23 of your 2002 SPD.

Has your address changed?

Moving can be a stressful and busy time in your life. There are so many things to think about – packing, unpacking, and having utilities transferred. Don't forget – change of address forms for your credit cards, bank accounts, insurance. Insurance?! Of course, Blue Cross Blue Shield needs to know of any address change so that you will continue to receive all communications about your health insurance (Explanations of Benefits, newsletters, etc.). All address changes should be submitted to Blue Cross Blue Shield in writing through your employer's personnel office, using the Application for Coverage form.